

**A. EXPLANATORY NOTES PURSUANT TO MFRS 134****A1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134, *Interim Financial Reporting* and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2016.

**A2. Changes in Accounting Policies**

The accounting policies and methods of computation adopted by the Group in the preparation of the consolidated interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2016 except for the adoption of the following MFRSs, Amendments to MFRSs and Interpretations:

		<u>Effective dates</u>
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101	Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 107	Disclosure Initiative	1 January 2017
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018

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### A2. Changes in Accounting Policies - continued

		<u>Effective dates</u>
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Clarifications to MFRS 15	Revenue from Contracts with Customers (the Amendments)	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRSs 2012 – 2014 Cycle”.		
Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRSs 2014 – 2016 Cycle”.		

The adoption of the above MFRSs, Amendments to MFRSs and Interpretations did not have any financial impact on the Group.

### A3. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the financial year ended 30 June 2016 was not qualified.

### A4. Comment about Seasonal or Cyclical Factors

The Group operates in the local and overseas agricultural sector which could be influenced by seasonal or cyclical factors.

### A5. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 31 December 2016 except as disclosed in the notes.

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### A6. Changes in Estimates

There were no changes in estimates that have material effect in the current quarter and current financial year to-date results.

### A7. Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities for the current quarter and current financial year to-date under review.

### A8. Dividend Paid

No dividend was paid by the Company during the current quarter period under review.

### A9. Operating Segments

#### Business Segments

The Company is principally an investment holding company. The principal businesses of the Group are manufacturing of pesticides and plant micronutrients, distribution and agency of pesticides and other agrochemicals and trading of pesticides, other agrochemicals, mosquito coils, disinfectants and household insecticides. The Group's business segments are presented as follows:

	3 Months Ended		6 Months Ended	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Agrochemicals	21,294	23,052	35,483	38,037
Household insecticides	522	-	724	-
Total	<u>21,816</u>	<u>23,052</u>	<u>36,207</u>	<u>38,037</u>

#### Geographical Segments

In determining the geographical segments of the Group, segment revenue is based on the geographical location of customers and these are:

- (i) Malaysia
- (ii) Indonesia
- (iii) Vietnam
- (iv) Russia

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- (v) Others: these consist of segments which cover mainly Lebanon, Japan, Singapore and Taiwan but which individually fall below the 10% threshold of a reportable segment

	Malaysia RM'000	Indonesia RM'000	Vietnam RM'000	Russia RM'000	Others RM'000	Elimina- tions RM'000	Total RM'000
<b>Current Quarter Ended 31.12.2016</b>							
Segment revenue							
Sales to external customers	10,826	6,658	2,134	1,245	953	-	21,816
Inter-segment sales	1,042	-	-	-	-	(1,042)	-
Total	<u>11,868</u>	<u>6,658</u>	<u>2,134</u>	<u>1,245</u>	<u>953</u>	<u>(1,042)</u>	<u>21,816</u>
Profit before tax							3,035
Income tax expense							(585)
Profit for the period							<u>2,450</u>

	Malaysia RM'000	Indonesia RM'000	Vietnam RM'000	Russia RM'000	Others RM'000	Elimina- tions RM'000	Total RM'000
<b>Current Year To-Date Ended 31.12.2016</b>							
Segment revenue							
Sales to external customers	20,327	10,341	2,952	1,245	1,342	-	36,207
Inter-segment sales	1,890	-	-	-	-	(1,890)	-
Total	<u>22,217</u>	<u>10,341</u>	<u>2,952</u>	<u>1,245</u>	<u>1,342</u>	<u>(1,890)</u>	<u>36,207</u>
Profit before tax							5,076
Income tax expense							(965)
Profit for the year							<u>4,111</u>

**A10. Carrying Amount of Revalued Assets**

There is no revaluation of the property, plant and equipment brought forward from the previous audited annual financial statements as the Group does not adopt a revaluation policy on its property, plant and equipment.

**A11. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the current quarter under review.

**A12. Changes in Contingent Liabilities and Contingent Assets**

There were no changes in contingent liabilities or contingent assets since 30 June 2016.

**A13. Capital Commitments**

There was no capital commitments entered into and not provided for by the Group during the current quarter under review.

**A14. Material Subsequent Events**

In the opinion of the Directors, no material events have arisen between the end of the reporting period and 25 January 2017 which had affected substantially the results of the Group for the financial quarter ended 31 December 2016.

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**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B1. Performance Review**

	<b>3 Months Ended</b>			<b>6 Months Ended</b>		
	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>Variance</b>	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>Variance</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	21,816	23,052	(5.4)	36,207	38,037	(4.8)
Profit before tax	3,035	2,017		5,076	5,472	
Income tax expense	(585)	(375)		(965)	(1,213)	
Profit for the period	2,450	1,642	49.2	4,111	4,259	(3.5)

For the current quarter under review, the Group registered revenue of RM21.816 million as compared to the preceding year corresponding quarter of RM23.052 million, a decrease of RM1.236 million or 5.4%. For the six months ended 31 December 2016, total revenue decreased from RM38.037 million to RM36.207 million, a decrease of RM1.830 million or 4.8%. This decrease is due to lower demand in the export segment for agrochemicals as compared to the preceding year corresponding quarter despite a contribution in revenue coming from the new segment of household insecticides.

Profit for the period had increased by 49.2% to RM2.450 million in the current quarter under review as compared to the preceding year corresponding quarter of RM1.642 million. The increase in the profit after tax was mainly contributed by the higher margin products for both overseas and local segments.

However for the six months ended 31 December 2016, profit after tax decreased from RM4.259 million to RM4.111 million, a decrease of RM0.148 million or 3.5%. The decrease in the profit for the period was mainly contributed by higher administration expenses incurred.

**B2. Variation of Results Against Preceding Quarter**

	3 Months Ended		Variance %
	31.12.2016 RM'000	30.09.2016 RM'000	
Revenue	21,816	14,391	51.6
Profit before tax	3,035	2,041	48.7

For the current quarter under review, the Group's profit before tax was RM3.035 million compared to the Group's profit before tax of RM2.041 million in the immediate preceding quarter. This 48.7% increase in profit before tax in comparison with the immediate preceding quarter was due to higher sales margin achieved in the current quarter for agrochemicals as well as the new segment of household insecticides.

**B3. Prospects**

The Group will continue to focus on its core activities and market expansion, cost control to ensure sustainability of its financial performance.

**B4. Profit Forecast or Profit Guarantee**

The disclosure requirements for explanatory notes for the variance of actual profit and non-controlling interests and forecast profit and non-controlling interests and for the shortfall in profit guarantee are not applicable.

**B5. Income Tax Expense**

	Current Quarter Ended 31.12.2016 RM'000	Current Year To-Date Ended 31.12.2016 RM'000
Current tax:		
- Malaysian income tax	(585)	(965)

The effective tax rate of the Group for the current year to-date is slightly lower than the statutory tax rate of 24% due to sufficient capital allowances, industrial building allowances and reinvestment allowances allowable for offset.

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### B6. Corporate Proposals

There were no corporate proposals announced but not completed as at 25 January 2017.

### B7. Borrowings

	As at 31.12.2016 RM'000	As at 30.06.2016 RM'000
<b>RM denominated borrowings</b>		
Short Term Borrowings		
Secured:		
Term Loan	660	421
Long Term Borrowings		
Secured:		
Term Loan	5,010	5,574

There are no borrowings denominated in foreign currency.

### B8. Changes in Material Litigation

There were no material litigations involving the Group as at 25 January 2017.

### B9. Dividend

The Board of Directors had recommended a first and final single tier dividend of 3.5 sen per share, in respect of the financial year ended 30 June 2016. The dividend payable amounting to RM2,800,000 has been approved by the shareholders of the Company at the Annual General Meeting of the Company held on 17 November 2016 and paid on 17 January 2017.

No ordinary dividend has been declared for the quarter ended 31 December 2016.

### B10. Earnings Per Share

#### (a) Basic

The computation of basic earnings per share for the current quarter and current year to-date is based on the Group unaudited profit for the period attributable to ordinary equity holders of the parent for the current quarter of RM2.450 million and current year to-date of RM4.111 million divided by the number of ordinary shares in issue during the period of 80,000,000.



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**B10. Earnings Per Share - continued**

(b) Diluted

Not applicable.

**B11. Profit Before Tax**

	<b>Current Quarter Ended 31.12.2016 RM'000</b>	<b>Current Year To-Date Ended 31.12.2016 RM'000</b>
Profit before tax is stated after (charging)/crediting:		
Rental income	15	29
Interest income	264	507
Foreign exchange gain-realised	539	608
Foreign exchange gain-unrealised	5	205
Reversal of allowance for impairment of trade receivables	30	81
Interest expenses	(83)	(165)
Depreciation and amortisation	(438)	(875)
Impairment loss on trade receivables	(60)	(120)
Loss on disposal of property, plant and equipment	(2,002)	(2,002)

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

**B12. Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 January 2017.

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**C. DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES**

Total unappropriated profit as at 31 December 2016 and 30 June 2016 are analysed as follows:

	<b>As at 31.12.2016 (Unaudited) RM'000</b>	<b>As at 30.06.2016 (Audited) RM'000</b>
Total unappropriated profit of the Company and its subsidiaries		
- Realised	99,707	96,596
- Unrealised	(1,040)	(1,394)
	<hr/> 98,667	<hr/> 95,202
Consolidation adjustments	(13,438)	(14,084)
Total Group unappropriated profit as per consolidated accounts	<hr/> <hr/> 85,229	<hr/> <hr/> 81,118